

Message Text

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PAGE 01 STATE 090612
ORIGIN STR-04

INFO OCT-01 STRE-00 CIAE-00 NSAE-00 NSCE-00 SSO-00
USIE-00 INRE-00 AID-05 CEA-01 COME-00 EB-08 EA-09
EUR-12 FRB-01 INR-07 IO-13 NEA-10 OPIC-06 SP-02
TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 NSC-05 SS-15
FEA-01 ERDA-07 OES-06 DOTE-00 PA-02 PRS-01 L-03
H-02 ISO-00 /127 R

DRAFTED BY STR:JCLDONALDSON:ATN
APPROVED BY STR:WBKELLY

-----220448Z 058503 /15
O 212346Z APR 77
FM SECSTATE WASHDC
TO ALL OECD CAPITALS IMMEDIATE

UNCLAS STATE 090612

E.O. 11652: N/A

TAGS: ETRD

SUBJ: GUIDANCE ON RELEVANCE OF U.S. ENERGY PROGRAM TO
IMPORTED AUTOMOBILES

1. WE ARE RECEIVING MANY QUESTIONS WITH RESPECT TO HOW THE
PRESIDENT'S PROPOSED NEW ENERGY PROGRAM -- SPECIFICALLY ITS
TAX ON "GAS-GUZZLERS" AND REBATE ON FUEL-EFFICIENT AUTOMO-
BILES -- WOULD APPLY TO VEHICLES IMPORTED INTO THE UNITED
STATES. IN ANSWERING SUCH QUESTIONS, POSTS SHOULD DRAW ON
FOLLOWING:

2. EXCERPT FROM TEXT OF WHITE HOUSE "FACT SHEET."
BEGIN TEXT:

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"A. GAS GUZZLER TAX AND REBATE (LEGISLATIVE): BECAUSE PRES-
ENT LAW AND REGULATIONS ARE INSUFFICIENT TO ASSURE THAT
NEEDED CONSERVATION WILL TAKE PLACE IN THIS SECTOR, A GRAD-
UATED EXCISE TAX WOULD BE IMPOSED ON NEW AUTOMOBILES AND
LIGHT DUTY TRUCKS WHOSE FUEL ECONOMY FAILS TO MEET THE
APPLICABLE FUEL ECONOMY STANDARD UNDER EXISTING LAW. GRADUA-
TED REBATES WOULD BE GIVEN FOR AUTOMOBILES AND LIGHT DUTY

TRUCKS WHOSE FUEL ECONOMY IS BETTER THAN THE STANDARD.

THE TAX SCHEDULE WOULD BE FIXED BY STATUTE, AND TAXES WOULD BEGIN IN MODEL YEAR 1978, INCREASE EACH YEAR THROUGH 1985, AND REMAIN CONSTANT THEREAFTER. THE REBATE SCHEDULE WILL BE ADJUSTED EACH YEAR IN ADVANCE, BY THE I.R.S., SO THE TOTAL ESTIMATED REBATE PAYMENTS WILL NOT EXCEED THE ESTIMATED TAX RECEIPTS. THE PROPOSED TAX AND REBATE TABLE IS ATTACHED AS APPENDIX A.

ELECTRIC VEHICLES WILL BE ELIGIBLE FOR THE MAXIMUM REBATE. REBATES WILL BE AVAILABLE FOR VEHICLES MANUFACTURED IN THE UNITED STATES AND CANADA. REBATES WOULD BE AVAILABLE FOR VEHICLES MANUFACTURED IN OTHER COUNTRIES ON THE BASIS OF TREATIES OR EXECUTIVE AGREEMENTS ENTERED INTO BETWEEN THESE COUNTRIES AND THE UNITED STATES. THE PRESIDENT'S SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS WILL WORK WITH OTHER

NATIONS TO DEVELOP EQUITABLE REBATE AGREEMENTS." ENDTEXT

3. EXCERPT FROM TEXT OF PRESIDENT'S SPEECH. BEGIN TEXT:

THE CONGRESS HAS ALREADY ADOPTED FUEL EFFICIENCY STANDARDS, WHICH WILL REQUIRE NEW CARS TO AVERAGE 27.5 MILES PER GALLON BY 1985 INSTEAD OF THE 18 THEY AVERAGE TODAY.

TO INSURE THAT THIS EXISTING CONGRESSIONAL MANDATE IS MET, I AM PROPOSING A GRADUATED EXCISE TAX ON NEW GAS GUZZLERS THAT DO NOT MEET FEDERAL AVERAGE MILEAGE STANDARDS. THE TAX UNCLASSIFIED

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WILL START LOW AND THEN RISE EACH YEAR UNTIL 1985. IN 1978, A TAX OF 180 DOLLARS WILL BE LEVIED ON A CAR GETTING 15 MILES PER GALLON, AND FOR AN 11 MILE-PER-GALLON CAR THE TAX WILL BE 450 DOLLARS. BY 1985 ON WASTEFUL NEW CARS WITH THE SAME LOW MILEAGE, THE TAXES WILL HAVE RISEN TO 1,600 DOLLARS AND 2,500 DOLLARS.

TAXES RETURNED IN REBATES

ALL OF THE MONEY COLLECTED BY THIS TAX ON WASTEFUL AUTOMOBILES WILL BE RETURNED TO CONSUMERS, THROUGH REBATES ON CARS THAT ARE MORE EFFICIENT THAN THE MILEAGE STANDARD. WE EXPECT THAT BOTH EFFICIENCY AND TOTAL AUTOMOBILE PRODUCTION AND SALES WILL INCREASE UNDER THIS PROPOSAL. WE WILL INSURE THAT AMERICAN AUTOMOBILE WORKERS AND THEIR FAMILIES DO NOT BEAR AN UNFAIR SHARE OF THE BURDEN. OF COURSE, WE WILL ALSO WORK WITH OUR TRADING PARTNERS TO SEE THAT THEY ARE TREATED FAIRLY." END TEXT.

4. PENALTY TAX ON FUEL-INEFFICIENT CARS WOULD APPLY REGARDLESS OF NATIONAL ORIGIN, FOREIGN OR DOMESTIC, AND IS THUS

NON-DISCRIMINATORY. FORM AND SUBSTANCE OF AGREEMENTS TO BE
NEGOTIATED BY STR HAVE NOT BEEN WORKED OUT. AMBASSADOR
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INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 /030 R

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DRAFTED BY: STR:JCLDONALDSON

APPROVED BY: STR:WBKELLY

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O 251940Z APR 77

FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

USMISSION EC BRUSSELS IMMEDIATE

UNCLAS STATE 090612

FOL TEL SENT ACTION USDEL MTN GENEVA FROM SECSTATE DTD 23 APR
1977 QTE

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E.O. 11652: N/A

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSTRUCTIONS, ENERGY, IMPORTS, PROGRAMS (PROJECTS), AUTOMOBILES
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770139-1043
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770432/aaaabazv.tel
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Litigation Codes:
Litigation History:
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Message ID: 353c30a1-c288-dd11-92da-001cc4696bcc
Office: ORIGIN STR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2732502
Secure: OPEN
Status: NATIVE
Subject: GUIDANCE ON RELEVANCE OF U.S. ENERGY PROGRAM TO IMPORTED AUTOMOBILES
TAGS: ETRD
To: OECD POSTS
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/353c30a1-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009